

STATEMENT OF PURPOSE

RS18739

This proposal will permit the Idaho telecommunications universal service fund (USF) to be used to provide financial assistance on behalf of residents of high cost, remote service areas, which will allow them to obtain the extension of telephone lines necessary to initiate basic local exchange service to their area. Few such areas remain to be served in Idaho, but partial funding of such costs through the universal service fund may be reasonably necessary and in the public interest. The Idaho Public Utilities Commission (IPUC) will be vested with authority to determine whether the area to be served is in a geographic support area, whether such financial assistance is reasonably necessary, and whether such line extensions are in the public interest. Financial assistance from the USF cannot exceed the actual cost of such line extensions, less allowable customer credits against such cost, as set forth in price or catalog lists filed with the commission by eligible telecommunications carriers serving the area.

The USF is funded by line charges to residential and business subscribers. Although the IPUC has the authority to adjust the subscriber charges as may be necessary to meet the objectives of the universal service fund, it is not anticipated that this legislation will require an increase in the USF funding mechanism.

Currently, the USF provides funds slightly in excess of \$1.9 million dollars to meet the residual revenue requirements of eight rate regulated telephone companies within the state. The IPUC, in its September 9th, 2008 Order, estimated that the USF will have a fund balance of \$505,015 at the close of FY 2009.

FISCAL NOTE

There is no fiscal impact on state or local general funds.

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